

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Ira Ruskin, Chair

WEDNESDAY, MAY 19, 2010
STATE CAPITOL, ROOM 447
9:00 A.M.

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Consent Calendar

Department of Parks and Recreation

1. Various Reappropriations included in the April finance letter as well as additional reappropriations (listed below) until 2011 for projects delayed because of the bond freeze:
 - 0005 --- Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund.
 (1) Item 3790-101-0005, Budget Act of 2001 (Ch. 106, Stats. 2001), (1) 80.25-Recreational Grants, (a) Local Agencies Operating Park Units, as reappropriated by Item 3790-494-0005(1)((1)(a), Budget Act of 2009 (Ch. 1, Stats. 2009).

 The reappropriation is limited to the \$2,482,845 grant to the City of Encinitas.
 - The Hayward Area Recreation and Park District is requesting an extension of their current bond project, the Holland Park Project (Contract Number C0201044). The project received a \$3.0 million grant to help with the development of a community park that will be located in the Ashland area of unincorporated Alameda County.
 - 0005 – Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund
 (1) Item 3790-101-0005, Budget Act of 2001 (Ch. 106, Stats. 2001)
 80.25-Recreational Grants
 (c) Murray-Hayden Urban Parks and Youth Services Program
 This reappropriation is limited to a \$1,100,500 grant to the Door of Hope Community Center for the Youth Center.
2. Orange Country Special Event Program (Heard April 21st) \$230,000 in reimbursement authority and three positions to administer the Large Special Event Program in the Orange Coast District. This program administers large events such as weddings, corporate picnics, and concerts that take place at state park beaches or facilities.
3. **FL-1: Quagga Mussel Prevention/Inspection Program and Technical Correction.** The Governor requests \$303,000 (Harbors and Watercraft Revolving Fund), and \$750,000 ongoing, to continue the Quagga Mussel Prevention and Inspection Program at Lake Perris and Silverwood Lake.
4. **FL-3: Americans with Disabilities Act (ADA) Program Augmentation—Tucker Lawsuit (BBL).** The Governor requests \$9 million in Prop 12 and \$4 million in Prop 40 funds to comply with ADA barrier-removal work mandated by the federal court in *Tucker v. California Department of Parks and Recreation*. The Governor additionally requests reversion of balances from various completed minor Prop 12 projects in order to ensure the availability of funds for the above need.

5. **FL-7: Reappropriation for Support Bond Funds and Off-Highway Vehicle Trust Funds (BBL).** The Governor requests reappropriation of several bond appropriations (from Prop 12 and Prop 84) for projects that were delayed by the late 2008 bond freeze.
6. **FL-9: Availability Language for One-Year Support Planning and Project Funds (BBL).** The Governor requests two-years of availability (rather than one) for support funding of two programs funded by bonds: (1) Natural Stewardship (Prop 12); and (2) General Plans (Prop 84).
7. **FL-LA1: Reappropriate Prop 40 Grants and Appropriate Anew Prop 12 Grants under the Local Assistance Program.** The Governor requests: (1) reappropriation of Prop 40 local assistance funds set to revert in 2010; and, (2) a new appropriation for Prop 12 local assistance that reverts in 2010.

Public Utilities Commission

1. **Teleconnect Fund Reappropriation:** Reappropriation request for the balance of a \$2 million teleconnect funds that were originally appropriated in 2003 and reappropriated in 2010 to support broadband installation for community non profits.

ISSUES FOR VOTE ONLY

Water Resources Control Board

- 1. Mandatory Minimum Penalties.** The Governor's budget is requesting \$384,000 and 4 positions to increase the State Water Board's enforcement of Mandatory Minimum Penalty (MMP) violations of water quality requirements. This issue was heard on April 28th but was held open due to a lack of a quorum.
- 2. Waste Water Operator Certification Fund.** The Governor's budget is requesting to redirect positions funded from reimbursement to augment the Board's Operator Certification Program. This program certifies waste water treatment plant operators and the Board reports that there has been an increase in the number of examinees. This proposal is funded through fees paid by examinees.
- 3. Underground Storage Tank Cleanup (Heard on May 5).** \$158 million in state operations authority for the Underground Storage Tank Cleanup Fund (USTCF). This revenue has been generated due to a storage fee increase of \$.006 for each gallon of petroleum placed in an underground storage tank that was enacted by AB 1188 in 2009.

California Energy Commission

- 1. AB 118 Governor's budget:** The Governor's budget proposed \$2 million augmentation to the Commission for technical assistance contracting for the program as well as a one-time increase in of \$5 million for program funding to implement the program. This issue was heard on April 28th but was held open due to a lack of a quorum. Staff recommends approval as budgeted.
- 2. AB 118 May Revision:** Governor's May Revision is proposing to reappropriate \$40 million in Alternative and Renewable Fuel and Vehicle Technology Program funds that were appropriated in the Budget Act of 2008 to June 30, 2011. The CEC reports that these funds need to be reappropriated due to the fact that the State Treasurer, who will use their financing authority to provide financial loan guarantee for Biofuel Productions, vehicle manufacturing and Ethanol Production, did not have adequate expenditure authority in the budget year to expend grant funds within appropriated timelines. Staff recommends approval as budgeted.

Department of Parks and Recreation

- 1. Local Assistance:** Governor's budget is proposing authority various local assistance grants from federal and special funds to local agencies.
- 2. Local Assistance Reversions:** Governor's budget is proposing various reversions of unencumbered balances of local assistance grants that were made.
- 3. Concession Proposals:** Governor's budget is requesting approval for the Oceano Dunes SVRA concession budget proposal.
- 4. Proposition 99:** Governor's May Revision is proposing to reduce the January 10 proposal for a one-time augmentation from the Public Resources Account for the state park system from \$2.8 million to \$2.372 million due to revenue erosion.

5. Reappropriation:

0005 -- Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

1. Item 3790-101-0005, Budget Act of 2001 (Ch. 106, Stats. 2001), (1) 80.25 – Recreational Grants, (c) Murray-Hayden Urban Parks and Youth Services Program, as reappropriated by Item 3790-494-0005(1)(1)(c), Budget Act of 2009 (Ch. 1, Stats. 2009).

This reappropriation is limited to a \$500,000 grant to the Girls Today Women Tomorrow.

Office of Environmental Health Hazard and Assessment

2. **IWMA Reduction:** Governor's budget proposes to reduce OEHHA's budget by \$108,000 and .5 positions due to shortfalls in the Integrated Waste Management Account. The Senate acted to reject this cut as there were sufficient funds in the balance to maintain funding for OEHAA. **Staff Recommendation is to conform to Senate, reject proposal**

Public Utilities Commission

1. **PUC Elevator Repair:** The Governor's budget is requesting a one-time augmentation of \$2.2 million (Transportation Rate, Transportation Reimbursement, and Public Utilities Reimbursement Accounts) to overhaul the building's 6 passenger elevators and 1 freight elevator. This repair is consistent with the Department of General Services' Five Year Plan for Special Repairs for the PUC Headquarters. When this issue was heard on April 28th, it was held open to better understand how these costs would be integrated into the potential sale of the building. The PUC reports that DGS will incorporate any improvements made to the elevators into the potential sale of the building. Staff recommends approval as budgeted.
2. **English Proficiency Survey:** The Governor's budget is requesting \$2.3 million from ratepayer funds for consulting services to conduct a customer satisfaction survey of Limited English Proficient (LEP) customers of California communications utilities relative to English proficient populations. The survey is anticipated to be administered over a two year period from a sample size of approximately 15,000 LEP customers. This issue was heard on April 28th but was held open due to a lack of a quorum. Staff recommends approval as budgeted.

ITEMS TO BE HEARD

0555 – SECRETARY FOR ENVIRONMENTAL PROTECTION

ISSUE 1: EDUCATION AND THE ENVIRONMENT INITIATIVE (HEARD ON MAY 12TH)

Governor’s Budget

The Governor's budget proposes to transfer \$748,000 (Integrated Waste Management Fund) and 6.5 permanent positions and to the CalEPA Agency in order to support the Education and the Environment Initiative as directed by SB 63 (Strickland).

Background

Currently, the EEI is progressing through phase five of their implementation plan. This phase involves the dissemination of EEI Curriculum and professional development through the following: conduct focus groups with local school district staff; Establish professional development advisory committee; identify potential dissemination and professional development; develop plan for outreach and professional development; recruit school districts to participate in EEI; Conduct professional development workshops for district-level educational leaders; and, provide technical support to school districts and curriculum staff.

Staff Comments

Staff notes that currently the EEI program has 13 staff. The January 10 proposal would have shifted half of the staff to the CalEPA agency to work on the EEI and the other half to the department of Resources Recycling and Recovery where they would be funded and work for the Waste Tire Recycling Program.

In the May Revision, the Governor has changed this proposal to increase funding for the EEI at the CalEPA agency by \$1.25 million and 6.5 positions from the following fund sources:

| | |
|--|-----------|
| State Water Quality Control Account: Fund is primarily used for loans and grants to municipalities and public agencies for the cleaning up of waste or abating its impacts on waters of the state. Additionally fund is used for loans for closure and maintenance of liquid waste sites. | \$550,000 |
| Department of Pesticide Regulation Fund: Fund is used primarily to support the activities of the Department of Pesticide Regulation regulatory activities. | \$100,000 |
| Air Pollution Control Account: Fund supports activities at the Air Resources Board and is supported primarily by emission fees. | \$250,000 |
| Waste Discharge Permit: Supported by fees on water dischargers into waters of the state and used to support various regulatory programs at the Water Board. | \$350,000 |

Staff feels that these proposed fund sources are appropriate for this program and recommends that it be adopted.

Staff Recommendation: Approve as budgeted with May Revision Proposal

3860 - DEPARTMENT OF WATER RESOURCES
3600 – DEPARTMENT OF FISH AND GAME
0540 – SECRETARY FOR RESOURCES AGENCY
3940 – STATE WATER RESOURCES CONTROL BOARD

ISSUE 1: MAY REVISION PROPOSAL – IMPLEMENTATION OF THE 2010 WATER BOND

Governor's may Revision Proposal

The Governor's May Revision proposes to begin expenditure of the 2010 Water Bond in 2010-11 and 2011-12 if the Bond is approved by the voters in November. In total, the Department will be requesting over \$650 million in appropriation authority for new projects from the 2010 Water Bond included in the following comprehensive list of the proposal:

| Bond Section | May Revision Proposal | |
|---|------------------------------|----------------|
| | 2010-11 | 2011-12 |
| <i>Chapter 5 - Drought Relief</i> | \$213.7 | \$132.5 |
| DWR: Drought Relief Grants | \$145.0 | \$112.9 |
| DPH: Safe Drinking Water State Revolving Fund | | \$12.3 |
| DPH: City of Maywood | | \$7.3 |
| Water Board: Small Community Wastewater | \$68.7 | |
| <i>Chapter 6 - Water Supply Reliability</i> | \$32.4 | \$28.7 |
| DWR: Integrated Regional Water Management | \$12.0 | \$28.0 |
| DWR: Conveyance Projects | \$20.4 | \$0.7 |
| <i>Chapter 7 - Delta Sustainability</i> | \$72.4 | \$122.0 |
| DFG: Ecosystem Restoration Projects | \$72.4 | \$122.0 |
| <i>Chapter 9 - Conservation and Watershed Protection</i> | \$57.9 | \$0.0 |
| Agency: Red Bluff Diversion Dam | \$57.9 | |
| DWR: Reimbursements from Agency | (57.9) | |
| <i>Chapter 10 - Groundwater Protection and Water Quality</i> | \$103.5 | \$194.0 |
| DPH: Groundwater projects and emergency grants | \$103.5 | \$194.0 |
| <i>Chapter 11 - Water Recycling</i> | \$645.2 | \$220.0 |
| DWR: Recycling and Conservation | \$295.0 | \$45.0 |
| Water Board: Water Recycling | \$350.2 | \$175.0 |
| Total | \$1,125.1 | \$697.2 |

Staff Comments

This proposal represents a significant influx of bond funds into our state's water management programs. While in the past we have faced limited abilities to sell bonds and fund related projects, the Department of Finance feels that these bond expenditures, as well as others discussed in prior hearings, fit within the State's general cash plan and can be funded in the budget year. For the hearing, it will be important for the Department to walk through the different programs being funded. The Department should discuss whether these are ongoing grant programs or require/allow legislation to establish the programs as well as why a two year appropriation was requested. Since this agenda was written prior to formal recommendation from the LAO, at the hearing the LAO should be prepared to discuss the Governor's proposal and which sections offer Legislative flexibility.

At this time, staff is not recommending any action on this issue.

Staff Recommendation: Hold Open

0540 – RESOURCES AGENCY

ISSUE 1: APRIL FINANCE LETTER: PROPOSITION 84 URBAN GREENING (HEARD ON MAY 5TH)

Governor's April Finance Letter Proposal

The Secretary for Resources is requesting an augmentation of \$286,000 from Proposition 84 and 3 positions to begin the first year of full implementation of the State's Urban Greening Program. This proposal also is requesting an appropriation of \$21.1 million in grant funds to be appropriated to the Resources Agency but administered by the Department of Conservation.

Background

Proposition 84 allocated \$90 million for urban greening projects that reduce energy consumption, conserve water, improve air and water quality, and provide other community benefits. SB 732 (Steinberg) established the Strategic Growth Council (SGC) and gave it the responsibility of managing and awarding financial assistance to cities, counties, or nonprofit organizations for the preparation, planning and implementation of an urban greening program. Grant guidelines for this program were developed through a public process between October 2009 and February 2010, and they will be updated annually. The SCG Board approved the final guidelines on February 9, 2010, and projects will be solicited and evaluated during the spring and summer.

Staff Comments

Staff does not have any issues with this position request of 3 PYs as it is comparable to their other grant program, the California River Parkways Program. Additionally, the program grants proposed are in line with Proposition 84 that provides this funding and allocates a maximum of \$70 million to this program.

Recently, the deadline for grant applications has passed and the Agency reports that they have received a considerable amount of applications from statewide agencies. At the hearing, the Agency should be prepared to discuss with the Subcommittee what types of projects are being proposed for funding and when they anticipate that funding will go out if this proposal is approved.

Senate Actions: The Senate Subcommittee has approved this proposal as budgeted with the amendment that the Resources agency implementation schedule was also approved along with the action. Staff feels that this is appropriate and recommends that the subcommittee conform to the Senate.

Staff Recommendation: Conform to Senate, approve as budgeted with Resources implementation timeline.

3480 – DEPARTMENT OF CONSERVATION

ISSUE 1: SUSTAINABLE COMMUNITIES PLANNING GRANTS (HEARD ON MAY 5TH)

April Finance Letter Proposal

The Department is requesting a total \$70 million over 6 years from Proposition 84 to provide funds to implement and administer the new Sustainable Communities Planning Grant and Incentives Program and to fund planning projects and incentives awarded by the SGC. For the Budget Year, the Administration is requesting \$575,000 for program support; \$859,000 for outreach; \$830,000 to develop and provide data and information to applicants; and, \$40 million for project. While this position provides funding for 6 staff to implement the program, it does not actually provide new position authority. Rather, it requires that the Department use existing vacancies to fill these needs.

Background

Proposition 84 allocated \$90 million for Urban Greening planning grants and planning incentives, including revolving loan programs and other methods to encourage the development of regional and local and use plans that are designed to promote water conservation, reduce automobile use and fuel consumption, encourage greater infill and compact development, protect natural resources and agricultural lands, and revitalize urban and community centers. Of this total amount, \$12 million appropriated to the Natural Resources Agency in 2009 for data gathering and model development necessary to comply with SB 375 (Steinberg).

On March 17th, 2010, the Council directed SGC staff to establish an education program and to develop and provide data and information to applicants. The Outreach and Education Program will be used to support two SGC grant programs by providing coordination between state agencies; workshops for local governments and grant administrators; progress reports on the impacts of SGC grants; and, the creation of a centralized website where potential grantees can find available state grants. The Funding and Coordination of Local and Regional Data Needs Program will develop land based data useful in planning such as parcel, vegetation, and protected lands data as well as develop indicators to help applicants measure the impacts of proposals on health factors.

Staff Recommendation

Staff has no concerns with the overall framework of the Administration's proposal; however, staff is concerned that the Department will not have adequate existing vacancies to fill the staffing needs identified in the proposal (6 positions). In their recent reorganization when the Division of Recycling was transferred to the Department of Resources, Recycling and Recovery, staff understands that the department transferred many of its vacant positions to the new department in order to minimize disruption within the Department. Due to current caps on staffing, staff feels that there is merit in providing DOC new position authority because their recent reorganization moved most of their vacant positions. In the Senate, this issue was approved as budgeted with no additional positions. Subcommittee could adopt the funding but make positions 1 year limited term to provide them staffing until vacancies are realized. This action, however, would send the issue to Conference Committee.

Staff Recommendation: Approve as budgeted with 1 year limited term positions.

3790 – DEPARTMENT OF PARKS AND RECREATION

ISSUE 1: VARIOUS CAPITAL OUTLAY PROPOSALS

The Department has proposed the following various capital outlay proposals. All of these projects are funded either from Bond funds or Special funds. As such, staff recommends that they be approved as budgeted.

1. **FL-COBCP: Reappropriate Oceano Dunes Wash Rack Project Funding.** Repropriation of minor capital outlay project funds to allow this project to be completed in Fall 2010.
2. **COBCP-D-880: Marshall Gold Discovery State Historic Park Improvements.** The Governor requests \$3.4 million (Prop 84) to conduct the construction phase of this project to enhance the visitor's educational and interpretive experience. Among other things, the project will replace the existing historic sawmill replica with a new heavy timber structure and make improvements to museum buildings. Plans and working drawings were funded in FY 2008-09 and 2009-10, respectively.
3. **Angel Island State Park—Immigration Station Hospital Rehabilitation.** \$424,000 (Prop 84) to rehabilitate the Immigration Station Hospital at Angel Island State Park.
4. **COBCP-D-857: Fort Ord Dunes State Park—New Campground and Beach Access.** The Governor requests \$2 million (Prop 84) to conduct the working drawings phase of a project to develop initial permanent public facilities, including camping and day use beach access, at the Fort Ord Dunes State Park in Monterey County. Construction phase costs, projected for inclusion in the 2011-12 budget, are currently estimated at \$19 million and would be paid for out of Prop 84 funds.
5. **COBCP-D-705: El Capitan State Beach—Construct New Lifeguard Headquarters.** The Governor requests \$612,000 (Prop 84) to demolish the existing lifeguard headquarters in the campground loop and construct a new one near the existing concession building in the day use beach area.
6. **COBCP-D-862: Silverwood Lake State Recreation Area—Nature Center Exhibits.** The Governor requests \$827,000 (Prop 84) to provide new interpretive, educational, and informational exhibits for the recently constructed Nature/Visitor Center building and surrounding site at Silverwood Lake State Recreation Area.
7. **COBCP-A-1: Statewide State Park System Opportunity Inholding Acquisitions.** The Governor requests \$1.5 million (Prop 84) to provide funds to be used statewide to acquire variously sized parcels that are either adjacent to or substantially enclosed within adjoining State Park property; or are parcels that are surrounded at least 50 percent by State Park property and where Parks' ownership would improve operations of the existing state park unit.
8. **Various Minor Capital Outlay Projects.** The Governor requests Prop 84 funding for various statewide minor capital outlay projects, including \$2.5 million for statewide park system projects, \$430,000 for the recreational trails program, and \$586,000 for the volunteer enhancement program.

Staff Recommendation: Approve as budgeted

ISSUE 2: APRIL FINANCE LETTER: POINT LOBOS CONCESSION

April Finance Letter

The Department is requesting approval of a concession proposal for a zip line aerial trail system with up to ten separate zip lines, associate foot trails and interpretive displays for a term of up to 20 years within Point Lobos Ranch located in Monterey County.

LAO Comments

Under current law, the Legislature is required to review and approve any proposed or amended concession contract for state parks that involves total investment or annual gross sales over \$500,000. In submitting a request to the Legislature, the Department of Parks and Recreation (DPR) is required to provide sufficient documentation to enable the Legislature to evaluate the proposed concession agreement including the proposed rent and other anticipated returns. In past years, the Legislature has provided the required approvals in the *Supplemental Report of the Budget Act*.

The department has not yet completed the final economic feasibility study for the proposed concession at Point Lobos Ranch State Park. Without this information, the Legislature is not able to determine whether this proposal is in the state's interest. Therefore, we recommend the Legislature withhold approval of the Point Lobos Ranch State Park concession proposal until DPR has provided a final economic feasibility study.

Staff Recommendation

Staff agrees with the concerns raised by the LAO that the Department should have a completed feasibility study prepared prior to moving forward with this proposal. As such, staff recommends that the Subcommittee approve budget bill language requiring them to submit a completed feasibility study to the JLBC at least 30 days prior to entering into any concession agreement.

Staff Recommendation: Approve as budgeted with the following BBL:

The department may bid a new concession contract for the development, operation, and maintenance of a zip line aerial trail system with up to ten separate zip lines, associated foot trails, and interpretive displays for a term of up to 20 years within Point Lobos Ranch.

Final terms and conditions for the new contract, including the type and scope of improvements, the manner and style of services, the programs to be provided, and the proposed minimum rent will be based on a feasibility study to be completed in June 2010.

Approval of this concession will be contingent upon review and approval of the feasibility study report by the Joint Legislative Budget Committee.

3600 – DEPARTMENT OF FISH AND GAME

ISSUE 1: MAY REVISION PROPOSALS – GENERAL FUND REDUCTION BACKFILL FOR HUNTING AND FISHING PROGRAMS AND GENERAL FUND REDUCTION FOR HABITAT CONSERVATION PROGRAMS

Governor's May Revision is proposing:

1. To backfill \$2.4 million (\$1.9 million Federal trust Fund, \$200,000 Fish and Game Preservation Fund-Ocean Resources Enhancement and Hatchery Program Account, and \$325,000 reimbursements) to partially backfill a General Fund reduction proposed in the 2010-11 budget.
2. To cut \$5 million in General Fund from the Department's habitat conservation and Restoration Programs. Specifically, these cuts will be allocated as follows:

| Description | Reduction | Total Budget |
|---|-----------|--------------|
| Marine Life Protection Act. Cut would result in fewer resources for statewide monitoring and implementation of statewide marine protected areas. Department would prioritize resources on highest priority MPAs. | \$1.5 M | |
| Timber Harvest Plan Review. Would cut funding for review of THP plans | \$1.5 M | |
| Fisheries Restoration Grant Program. This cut is proposed to be backfilled with Proposition 84 funds. | \$1.5 M | |
| CALFED Ecosystem Restoration Program. This cut is proposed to be backfilled with Proposition 84 funds. | \$500,000 | |

Staff Comments

Hunting and Fishing Program: In the Special Session, the legislature approved 5 million in reductions to the Department's Hunting and Fishing programs. This proposal by the Departments uses various special funds to backfill those reductions. Staff recommends that the subcommittee approve the backfill to minimize the impacts of the cuts adopted in February.

Habitat Conservation Program: At the time of preparing this agenda, staff did not have information from the Department on the total level of funding for these proposed programs. At the hearing the Department should provide this information.

The cuts outlined in this proposal for Marine Life Protection Act and Timber Harvest Plan Review would have significant impacts to these programs and are not proposed to be backfilled by bond funds. In last year's budget, the legislature approved a one year transfer of Ocean Protection Council Proposition 84 funds to support MLPA activities at the Department. Depending on funding levels at the Council, this may still be an option for the subcommittee to consider. The timber harvest plan review cut would significantly impact the

department's ability to conduct field reviews of timber harvest plans. At the hearing, the department should be prepared to discuss how these cuts will be distributed statewide. Additionally the Subcommittee may want to backfill these cuts with increased timber harvest fees. At this point, staff feels that this proposal should remain open to discuss options to maintain funding for these programs.

Staff Recommendation: Approve Proposal #1 as budgeted and hold #2 open.

8660 PUBLIC UTILITIES COMMISSION

ISSUE 4: ADVANCED ENERGY STORAGE: ENABLING RENEWABLES, GREENHOUSE GAS REDUCTIONS, AND ELECTRIC RELIABILITY

Governor's Budget Proposal

The Governor's Budget is requesting \$310,000 and 3.0 positions from the PUC Utilities Reimbursement Account to study and evaluate the cost effective procurement of Advanced Energy Storage (AES) as an electricity resources. This staffing would specifically be responsible for the following:

Policy Development – administer a CPUC rulemaking, to develop policies and promote efficient investment in appropriate AES technologies, including incentives for customer-side AES.

Procurement Oversight – analyzes utility AES procurement activities and evaluates initiatives in demonstration and deployment of AES technologies.

Interagency Coordination – facilitate coordination with California Independent System Operator and California Energy Commission on Ancillary Services rules, demonstration projects, renewables integration studies, and other related issues.

Staff Comments

Many renewable resources available to California provide intermittent electricity -- often during off-peak hours – that is difficult to manage in order to fulfill the needs of statewide ratepayers. The hope is that the IOUs can use AES technologies to store energy generated by renewables in order to allow efficient managed use of that energy to alleviate some of the need for non-renewable generation to meet peak-hour consumption.

The request before the Subcommittee is to have the PUC move forward with the examination of how this technology should be deployed by investor owned utilities. The PUC indicates that this process will begin with a rulemaking process by the PUC and continue with the examination of procurement and demonstration projects.

This issue was held open on April 28th for staff to look further into whether there was adequate workload to support this augmentation. Currently, AB 2514 (Skinner) is moving through the policy process to address larger policy development issues for this technology. In discussion with the PUC, however, they have reported that they would likely be reviewing IOU procurements of AES technology in the near future. After these discussions, there isn't a clear expected workload for AES to warrant the entire request though staff feels that it would be appropriate to a limited term positions to review AES procurement with direction to the PUC to return next year after policy bills are decided upon

Staff Recommendation: Approve 1 2-year limited term position (\$81,200 PURA Funds for a Reg Analyst V position).